

## Message Text

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12

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 SWF-02 COME-00 TRSE-00

OMB-01 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 TAR-02

STR-08 CEA-02 CIEP-03 DRC-01 /142 W

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R 222240Z AUG 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 7895

INFO AMEMZSSSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: BANANA POLICY CONFLICT INTENSIFIED

REF: SAN JOSE 3190

SUMMARY: INTERNAL CONFLICT OVER COSTA RICAN BANANA POLICY  
INTENSIFIED THIS WEEK WITH A STRONG ATTACK ON GOVERNMENT  
POLICY BY INDEPENDENT BANANA PRODUCERS AND WITH A PROPOR-  
TIONATELY STRONG REPLY BY PRESIDENT ODUBER AUGUST 21.  
ODUBER CHARGED STANDARD FRUIT COMPANY W OH ARROGANCE AND  
PRESENTING ULTIMATUMS AND SAID THAT COSTA RICAN OFFICIALS  
CANNOT PROSTRATE THEMSELVES BEFORE THREATS AND THE CHALLENGE  
WHICH THATCOMPANY HAS MADE TO THE COUNTRY. ALTHOUGH  
INCLINED TO ACCEPT THE CHALLENGE, ODUBER SAID THAT  
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HE WILL NOT TAKE ANY DECISION UNTIL HE IS SURE OF WHAT

IS IN THE BEST INTEREST OF THE NATIONA. END SUMMARY

2. INDEPENDENT BANANA PRODUCERS OF THE AGRICULTORES BANANEROS ASOCIADOS (ABA) WHO SELL THEIR FRUIT THROUGH THE STANDARD FRUIT COMPANY LAUNCHED THEIR LATEST ATTACK IN THE FORM OF A LETTER OF AUGUST 19 TO PRESIDENT ODUBER WHICH THEY BROUGHT TO THE PUBLIC ATTENTION BY PUBLISHING IT AS AN ADVERTISEMENT SPREAD ACROSS TWO CENTER PAGES OF LA NACION OF AUGUST 20. THE ABA AD CARRIED A HEADLINE WHICH READ, "NATIONALIZATION OF THE ASSETS OF THE STANDARD FRUIT CO. WITH ALL THE GRAVE CONSEQUENCES WHICH THAT IMPLIES WILL END BY DESTROYING THE ONCE FLOURISHING BANANA BUSINESS OF A GROUP OF COSTA RICANS." THE ADVERTISEMENT (LETTER TO THE PRESIDENT) WENT ON TO SAY THAT THE ABA IS PASSING THROUGH A LONG AND PAINFUL PERIOD OF WORRY, UNCERTAINTY, AND GRAVE BUSINESS DETERIORATION AS A CONSEQUENCE OF THE DILATORY AND INCOMPREHENSIBLE ATTITUDE OF THE GOVERNMENT. THE ADVERTISEMENT WENT ON TO SAY THAT THE ABA, THE LARGEST GROUP OF BANANA PRODUCERS IN COSTA RICA, IS FACING RUIN WHICH WILL BRING GREAT HARM ALSO TO THOUSANDS OF WORKERS. THE ABA SAID IT IS INDISPENSABLE THAT ITS MEMBERS CONTINUE TO HAVE THE ASISTANCE OF THE STANDARD FRUIT CO. IN TECHNICAL ASSISTANCE AND IN MARKETING. THE ABA ALSO EXPRESSED STRONGLY THE VIEW THAT THE GOVERNMENT SHOULD NOT NATIONALIZE STANDARD RUIT UNLESS IT IS ABLE TO GUARANTEE CONSTANT AND REGULAR EXPORT OF THE MILLIONS OF CASES OF BANANAS PRODUCED BY ABA MEMBERS. FINALLY, IT CALLED FOR A REDUCTION OF THE BANANA TAX AND AN URGENT AUDIENCE WITH PRESIDENT ODUBER.

3. PRESIDENT ODUBER REPLIED IN THE FORM OF A LETTER TO ABA PRESIDENT CARLOS MANUEL ROJAS, THE SUBSTANCE OF WHICH APPEARED IN SAN JOSE NEWSPAPERS AUGUST 22. ODUBER, REFERRING TO "THE OFFER OF STANDARD FRUIT TO SELL ITS PROPERTIES TO THE GOVERNMENT," SAID THAT IT IS NATURAL THAT ABA MEMBERS WHO HAVE BEEN AIDED BY STANDARD FRUIT VIEW THE QUESTION DIFFERENTLY FROM COSTA RIAN GOVERNMENT OFFICIALS WHO "AS REPRESENTATIVES OF AN INDEPENDENT COUNTRY CANNOT INCLINE THEMSELVES BEFORE THREATS AND THE CHALLENGE WHICH THAT COMPANY HAS MADE TO THE COUNTRY." ODUBER LIMITED OFFICIAL USE

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CONTINUED, "WE WANT TO SHOW THE WORLD THAT THE TIME OF BLACK STORIES OF BANANA COMPANIES AND GOVERNMENTS SATISFIED TO BE REPRESENTATIVES OF BANANA REPUBLICS HAS PASSED. FACED WITH THE ARROGANCE WITH WHICH THE SALE ULTIMATUM WAS PRESENTED BY STANDARD FRUIT TO THIS GOVERNMENT, IT APPEARS NATURAL TO ME AND TO MY COLLABORATORS IN GOVERNMENT TO DEFEND THE NATIONAL DIGNITY AND ACCEPT THE CHALLENGE." ODUBER WENT ON TO SAY THAT THE BANANA BUSINESS IS A

GOOD ONE, THAT THERE ARE MARKETS FOR THE FRUIT AND THE COSTA RICAN GOVERNMENT HAS FUNDS NECESSARY TO BUY (THE COMPANY). ODUBER WENT ON TO CLAIM THAT COSTA RICA HAS A SURPLUS OF OFFERS TO BUY FRUIT AT A BETTER PRICE FOR THE PRODUCERS, AFTER CONSIDERING TAXES, BUT HE ALSO SAID, "WE WILL NOT TAKE ANY DECISION UNTIL WE ARE SURE WHAT IS IN THE BEST INTEREST OF THE NATION."

4. SIMULTANEOUSLY FINANCE MINISTER PORFIRIO MOREIRA ANNOUNCED CREATION OF A GOVERNMENT COMMITTEE THAT WITHIN A PERIOD OF TWO WEEKS IS TO ESTABLISH "THE AVERAGE PRICES TO WHICH BANANAS ARE BEING SOLD NOW" IN ORDER TO ASSURE COLLECTION OF THE BANANA TAX. THIS DECISION REPRESENTED THE SECOND PRESIDENTIAL ACTION TAKEN THIS WEEK BY THE GOVERNMENT TO DEAL WITH BANANA PROBLEMS, THE FIRST BEING THE DECISION (REFTEL3190) TO PERMIT EXPORT OF SECOND QUALITY BANANAS. THE GOVERNMENT IS ALSO ABOUT TO ANNOUNCE A PLAN OF SUBSIDIES TO BANANA PRODUCERS. UNTIL THIS PLAN IS ANNOUNCED THE NATIONAL CHAMBER OF BANANA PRODUCERS HAS SAID THAT IT WILL REMAIN IN PERMANENT GENERAL SESSION.

5. COMMENT: BANANA PRODUCERS WHO FORM PART OF THE AZM ARE OBVIOUSLY CLOSELY ASSOCIATED WITH STANDARD FRUIT CO. WHILE THEIR ACTION IN THIS INSTANCE MAY HAVE BEEN UPON THEIR OWN INDEPENDENT INITIATIVE, ODUBER'S STATEMENTS SUGGEST THAT THE GOVERNMENT HAS INTERPRETED THEIR ACTION, AT LEAST IN PART, AS A MANEUVER RELATED TO THE INTERESTS OF STANDARD FRUIT. IN THIS SENSE, THE IMPACT OF THEIR ACTION IS NEGATIVE. ON THE OTHER HAND, THE ABA DOES REPRESENT A TOTAL PRODUCTION OF 12,750,000 CASES OF BANANAS PER YEAR AND THOUSANDS OF WORKERS ARE DEPENDENT UPON THE PROSPERITY OF ABA LIMITED OFFICIAL USE

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ENTERPRISES. BRINGING THESE FACTS BEFORE THE PUBLIC IN A FORCEFUL WAY DOES MAKE IT MORE DIFFICULT FOR THE GOVERNMENT TO IGNORE THESE IMPORTANT INTERESTS IN ITS FINAL DECISION ON THE NATIONALIZATION QUESTION.  
LANE

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, EXPORTS, BANANAS, BUSINESS FIRMS  
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**Draft Date:** 22 AUG 1974  
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**Disposition Approved on Date:**  
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